



Response to Line 1000
Filer Mutual Telephone Company
Study Area 472220

Voice Services Comparability Report

Pursuant to 47 C.F.R. § 54.313 (a) (10) Filer Mutual Telephone Company ("Filer") is in compliance with the requirement that voice services is no more than two standard deviations above the national average urban rate for voice service of \$46.96 as specified in Public Notice DA 14-384 issued on March 20, 2014. Filer's current total local end-user rate¹ of \$21.12 (which includes a local fee of \$21.00, mandated state fees of \$0.12 and mandatory extended are service charges of \$0.00) is not above the standard deviation as specified in the USF/ICC Transformation Order.²

¹ Local End User Rate as defined in USF/ICC Transformation Order 26 FCC Rcd at 17751, Para. 238

² USF/ICC Transformation Order, 26 FCC Rcd at 17694, Para. 84 (footnote included) "The standard deviation is a measure of dispersion. The sample standard deviation is the square root of the sample variance. The sample variance is calculated as the sum of the squared deviations of the individual observations in the sample of data from the sample average divided by the total number of observations in the sample minus one. In a normal distribution, about 68 percent of the observations lie within one standard deviation above and below the average and about 95 percent of the observations lie within two standard deviations above and below the average."

INDEPENDENT AUDITORS' REPORT

Board of Directors
Filer Mutual Telephone Company
Filer, Idaho

We have audited the accompanying financial statements of Filer Mutual Telephone Company, which comprise the balance sheet as of December 31, 2013, and 2012, and the related statements of comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Filer Mutual Telephone Company as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

St. Paul, Minnesota
March 14, 2014

Olsen Thiele & Co., LTD

FILER MUTUAL TELEPHONE COMPANY

**BALANCE SHEET
DECEMBER 31, 2013 AND 2012**

ASSETS		2013	2012
CURRENT ASSETS:			
Cash			
Certificates of Deposit			
Due from Customers, Less Allowance of \$23,000 and \$21,000			
Other Accounts Receivable			
Inventories			
Prepaid Expenses			
Total Current Assets			
INVESTMENTS AND OTHER ASSETS:			
Investment Securities			
Other Investments			
Note Receivable			
Total Investments and Other Assets			
PROPERTY, PLANT AND EQUIPMENT:			
In Service			
Plant Under Construction			
Total Property, Plant and Equipment			
Less Accumulated Depreciation			
Net Property, Plant and Equipment			
TOTAL ASSETS			
LIABILITIES AND MEMBERS' EQUITY			
CURRENT LIABILITIES:			
Line of Credit			
Current Portion of Long-Term Debt			
Accounts Payable			
Customer Deposits			
Accrued Expenses			
Total Current Liabilities			
NON-CURRENT LIABILITIES:			
Long-Term Debt			
Postretirement Benefits			
Deferred Income Taxes			
Total Non-Current Liabilities			
MEMBERS' EQUITY:			
Memberships			
Patronage Capital			
Non-Patronage Capital			
Accumulated Other Comprehensive Income			
Total Members' Equity			
TOTAL LIABILITIES AND MEMBERS' EQUITY			

The accompanying notes are an integral part of the financial statements.

FILER MUTUAL TELEPHONE COMPANY

**STATEMENT OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
OPERATING REVENUES:		
Local Network		
Network Access		
Internet Services		
Lease Revenue		
Wireless Revenue		
Other Services		
Long Distance		
Computer Repair Services		
Miscellaneous		
Uncollectibles, Net		
Total Operating Revenues		
OPERATING EXPENSES:		
Plant, Maintenance and Access		
Depreciation		
Customer		
Corporate		
Other Taxes		
Total Operating Expenses		
OPERATING MARGIN		
OTHER INCOME AND EXPENSES:		
Interest and Dividend Income		
Gain on Sale of Investment		
Other		
Income in Limited Liability Companies		
Interest Expense		
Redemption of Broadband Tax Credits		
Net Other Income and Expenses		
MARGIN BEFORE INCOME TAX EXPENSE (BENEFIT)		
INCOME TAX EXPENSE (BENEFIT)		
NET MARGIN		
OTHER COMPREHENSIVE INCOME (LOSS):		
Unrealized Gains (Losses) on Available-for-Sale Securities:		
Unrealized Gains Arising During Period		
Less: Reclassification Adjustment for Gains		
Recognized in Net Margin		
Net Unrealized Gain (Loss) on Available-for-Sale Securities		
Unrealized Loss on Postretirement Benefits		
Other Comprehensive Income (Loss)		
COMPREHENSIVE INCOME		

The accompanying notes are an integral part of the financial statements.

FILER MUTUAL TELEPHONE COMPANY

**STATEMENT OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Member- ships</u>	<u>Patronage Capital</u>	<u>Non- Patronage Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
BALANCE on December 31, 2011					
Net Margin					
Other Comprehensive Income (Loss)					
Other					
Change in Memberships, Net					
BALANCE on December 31, 2012					
Net Margin					
Other Comprehensive Income (Loss)					
Retirement of Patronage Capital					
Change in Memberships, Net					
BALANCE on December 31, 2013					

REDACTED-FOR PUBLIC INSPECTION

The accompanying notes are an integral part of the financial statements.

FILER MUTUAL TELEPHONE COMPANY

**STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Margin		
Adjustments to Reconcile Net Margin to Net Cash Provided By Operating Activities:		
Depreciation		
Gain on Sale of Investment		
Income in Limited Liability Companies		
Distributions from LLC Investment		
Redemption of Broadband Tax Credits		
Benefit for Postretirement Benefits		
Changes in Assets and Liabilities:		
Due from Customers		
Other Accounts Receivable		
Inventory for Resale		
Prepaid Expenses		
Accounts Payable		
Accrued Expenses		
Net Cash Provided By Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Property, Plant and Equipment		
Salvage, Net of Cost of Removal		
Increase in Materials and Supplies		
Purchase of Certificates of Deposit		
Sale of Certificates of Deposit		
Purchase of Investment Securities		
Sale of Investment Securities		
Redemption of Broadband Tax Credits		
Sales of Other Investments		
Purchases of Other Investments		
Net Cash Used In Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (Decrease) in Customer Deposits		
Change in Line of Credit, Net		
Principal Payments of Long-Term Debt		
Proceeds from Issuance of Long-Term Debt		
Other		
Retirement of Patronage Capital		
Change in Memberships		
Net Cash Provided By (Used In) Financing Activities		
NET INCREASE IN CASH		
CASH at Beginning of Year		
CASH at End of Year		
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Cash Paid (Refunded) for:		
Interest		
Income Taxes		
Increase (Decrease) in Accounts Payable for Property, Plant and Equipment		
Issuance of Note Receivable from Sale of Other Investment		

The accompanying notes are an integral part of the financial statements.